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DD/A 74-3337

29 AUG 1974

MEMORANDUM FOR: Director of Medical Services

SUBJECT : Financial Guidance for FY 1975 and 1976

1. We have received our memorandum on financial guidance for FY 1975 and 1976 from the Director. In general he cautions us to proceed with our FY 1975 programs remembering that we do not yet have our appropriation. He also asks that we undertake certain specific detailed reviews in anticipation of the severe resource constraints we expect in FY 1976. All Offices are subject to the following guidelines:

"5. You will be expected to raise, for separate decision, any reprogramming which was not explicitly reviewed during the Program Conference and which would commit you or the Agency to an obligation of more than \$250 thousand during the following five years.

"6. There is one additional requirement upon which I must insist. The Program Execution Procedure set forth a requirement for notifying me, under certain conditions, before action is taken on activities approved during the Program Review. These involve:

"a. Politically sensitive projects, carrying a significant risk of causing embarrassment to the U.S. Government in general or to the Agency in particular. Approval by the National Security Council of politically sensitive activities will fulfill this requirement.

"b. Major contractual agreements undertaken on behalf of and funded by other agencies.

"c. Real property transactions which have the potential for raising security, political or operational difficulties.

"d. Other individual transactions involving more than \$500 thousand.

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"Although it will rarely be necessary to change a plan at the last minute, it is imperative that I be informed through the Comptroller before you take action on any of the kinds of projects described above so that they can be evaluated in relation to the then current status of the environment and the Agency's overall resource situation."

2. There are projects which apply specifically to your Office or which cut across component lines. Those projects involving more than one component will be coordinated by a task force chaired by the Chief, DD/A Plans Staff. Those parts of the Director's memorandum affecting your Office are:

"8. In paragraph one I noted the need to continue seeking opportunities to effect further savings in funds and positions. You will have your own ideas about how you might approach this problem but there are a number of areas where I believe attention will prove rewarding. You are requested to consider and submit recommendations by the dates indicated:

"c. Accelerating the development of methods to identify the costs of services furnished to Agency components; and expanding that effort to include a systematic study of all areas of activity where modification of the way we budget for goods and services might focus managerial responsibility more sharply on the allocation of resources. Such a study should bear in mind the cost/benefit tradeoffs, and should stop short of developing systems which would cost more to administer than their implementation might save. 31 December 1974"

3. Please be mindful of any deadlines in your requirements. Your Planning Office will be contacted regarding the establishment of a multi-Office task force to work on those problems affecting both your Office and other components.

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for John N. McMahon
Acting Deputy Director
for
Administration

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